KPM HOLDING LIMITED
吉輝控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8027

ANNUAL REPORT 2021

* For identification purpose only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of KPM Holding Limited (the "Company") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (1) the information contained in this report is accurate and complete in all material respects and not misleading and deceptive; (2) there are no other matters the omission of which would make any statement herein or this report misleading; (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The original report is prepared in the English language. This report is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tan Thiam Kiat Kelvin *(Chairman)*
Ms. Kong Weishan

Independent non-executive Directors

Mr. Lock Kiu Yin
Mr. Lau Muk Kan
Mr. Xiao Laiwen

AUDIT COMMITTEE MEMBERS

Mr. Lock Kiu Yin *(Chairman of audit committee)*
Mr. Lau Muk Kan
Mr. Xiao Laiwen

NOMINATION COMMITTEE MEMBERS

Mr. Lau Muk Kan *(Chairman of nomination committee)*
Mr. Lock Kiu Yin
Mr. Xiao Laiwen

REMUNERATION COMMITTEE MEMBERS

Mr. Xiao Laiwen *(Chairman of remuneration committee)*
Mr. Lau Muk Kan
Mr. Lock Kiu Yin

COMPLIANCE OFFICER

Mr. Tan Thiam Kiat Kelvin

COMPANY SECRETARY

Ms. Wong Tsz Yan Pinky

AUTHORISED REPRESENTATIVES

Mr. Tan Thiam Kiat Kelvin
Ms. Wong Tsz Yan Pinky

INDEPENDENT AUDITOR

McMillan Woods (Hong Kong) CPA Limited
3/F., Winbase Centre,
208 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

14 Loyang Way 4
Singapore 507601

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE (CAP 622)

Unit 1104A, 11/F, Kai Tak Commercial Building
317-319 Des Voeux Road Central
Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Ocorian Trust (Cayman) Ltd.
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F., Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL BANKER

DBS Bank Ltd
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

COMPANY'S WEBSITE

www.kpmholding.com

STOCK CODE

8027

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of KPM Holding Limited (the "Company"), I am pleased to present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021.

PERFORMANCE

For the year ended 31 December 2021, the Group recorded a 190.5% increase in revenue from approximately S$6,383,000 in 2020 to approximately S$18,542,000 in 2021. Gross profit and profit for the year of the Group were approximately S$2,317,000 (2020: S$672,000) and approximately S$246,000 (2020: loss approximately S$3,427,000) respectively.

OUTLOOK

Looking forward, the demand in the construction sector activities in Singapore will slowly recover, yet the construction industry in Singapore will remain challenging due to the ongoing COVID-19 pandemic which led to the fierce competition in bidding prices and higher material costs. The Group will dedicate more efforts in the business of provision of fitting-out and renovation services so as to diversify the business portfolio and broaden its source of income. The Group will continue to manage its expenditures, review the business strategy constantly and look for other business opportunities to cope with existing market environment in a cautious and prudent manner.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the management and staff of the Group for their hard work and dedication as well as to our shareholders and business partners for the continued support.

Tan Thiam Kiat Kelvin
Chairman and Executive Director

Singapore, 23 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Results

For the year ended 31 December 2021, the Group recorded a revenue of approximately S$18,542,000 (2020: S$6,383,000) and profit of approximately S$246,000 (2020: loss of approximately S$3,427,000).

Revenue had increased by approximately 190.5% or S$12,159,000. The gross profit and gross profit margin for the year ended 31 December 2021 was approximately S$2,317,000 (2020: S$672,000) and approximately 12.5% (2020: 10.5%) respectively.

Increase of revenue is mainly due to the revenue generated for the fitting-out and renovation services business during the year ended 31 December 2021 and the improvement in construction demand during the ongoing COVID-19 pandemic.

Other income for the year ended 31 December 2021 included government grants of approximately S$263,000 which is mainly in respect of COVID-19 related subsidies. The Group also recorded approximately S$209,000 interest income which was mainly arise from loan receivables.

Other gains and losses for the year ended 31 December 2021 included approximately S$173,000 of foreign exchange gain which was mainly arise from loan receivables and cash and cash equivalents denominated in Hong Kong dollars which was appreciating against Singapore dollars.

Selling and administrative expenses for the year ended 31 December 2021 was approximately S$2,447,000 (2020: S$4,122,000) representing an decrease of approximately S$1,675,000 or 40.6% mainly due to lesser staff costs, advertisement expenses and legal and professional fees incurred.

The Group recorded a profit before tax for the year ended 31 December 2021 of approximately S$334,000, compared to loss before tax of approximately S$3,541,000 for the corresponding period in 2020.

Profit for the year ended 31 December 2021 was approximately S$246,000, compared to loss of approximately S$3,427,000 for the corresponding period in 2020.

Liquidity and Financial Resources

The Group's exposure to liquidity risk arises in the general funding of the Group's operations, in particular, that the duration of the contracts span from 1 month to 4 years and during which the amount of progress claim vary from month to month depending on the provision of signage and related products for the month. The supply and installation schedule is as directed by the customer, in accordance with the main contractor's schedule. As such, the Group actively manage our customers' credit limits, aging, and repayment of retention monies and monitor the operating cash flows to ensure adequate working capital funds and repayment schedule is met.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2021, the cash and cash equivalents of the Group has increased by approximately S$357,000. This was mainly arise from net proceeds from issuance of new shares of approximately S$2,387,000 and net cash generated from investing activities of approximately S$1,331,000, offset with net cash used in operating activities of approximately S$2,961,000 and repayment of bank loan and its interest of approximately S$385,000.

The total interest-bearing borrowing of the Group as at 31 December 2021 was S$2,659,000 (2020: S$3,074,000). The Group's gearing ratio as at 31 December 2021 was approximately 15.5% (2020: approximately 19.5%), which is calculated as the Group's total borrowing over the Group's total assets.

As at 31 December 2021, the Group had cash and cash equivalents of approximately S$3,617,000 (2020: approximately S$3,260,000) which were placed with major banks in Singapore and Hong Kong.

BUSINESS REVIEW

Revenue from the sale of signage, bollard, variable-message signs, bus stops and aluminium railing in the public and private sectors in Singapore was amounted to approximately S$7,939,000 and S$6,383,000 for the year ended 31 December 2021 and 2020 respectively. The revenue has increased by approximately S$1,556,000 mainly due to improvement in construction demand during COVID-19 pandemic.

The Group commenced the business of provision of fitting-out and renovation services for commercial premises and residential developments in the fourth quarter of 2020. The Group is responsible for the overall management of the contracted projects which involves sourcing, procurement and quality control of materials, arrangement of subcontractors, and supervision and inspection of the project progress until completion and may also provide design services upon clients' request. Revenue from this segment was amounted to approximately S$10,603,000 during the year ended 31 December 2021.

FOREIGN EXCHANGE EXPOSURE

The Group transacts mainly in Singapore Dollars, which is the functional currency of the Group. The Group is of the opinion that its exposure to foreign exchange rate risk is limited. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise. The Group had an unrealised foreign exchange gain of approximately S$173,000 mainly due to the Group retains the proceeds from placement in Hong Kong Dollars which was appreciated against the Singapore Dollars.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held, nor were there any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2021. The Group had no specific future plan for material investments or capital assets as at 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON GROUP'S ASSETS

As at 31 December 2021, the Group's borrowings are secured by the lessor's title to the relevant leasehold land, building and leased motor vehicles with the aggregate carrying values amounting to approximately S$3,733,000 (2020: approximately S$4,194,000).

CONTINGENT LIABILITIES

As at 31 December 2021, the guarantees in respect of performance bonds in favour of our customers was Nil (2020: approximately S$21,000), which was secured by pledged bank deposits.

CAPITAL COMMITMENTS

As at 31 December 2021, the Group did not have any capital commitment (2020: Nil).

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 8 February 2021, the Company proposed to place up to 96,000,000 placing shares to not less than six placees who and whose beneficial owners are independent third parties at a price of HK$0.15 per placing share, representing a discount of approximately 1.3% to the closing price of HK$0.152 per share as quoted on the Stock Exchange on 8 February 2021, being the date of the placing agreement entered into between the Company and the placing agent in relation to the Placing.

The placing has completed on 21 May 2021, and 96,000,000 placing shares were allotted and issued which carried the aggregate nominal value of HK$3 million. The gross and net proceeds (after deduction of commission and other expenses of the placing) raised from the placing are approximately HK$14.4 million and approximately HK$14.0 million, respectively. The net placing price was approximately HK$0.146 per placing share.

Please refer to the announcements of the Company dated 8 February 2021, 4 May 2021 and 21 May 2021 and the circular of the Company dated 16 April 2021 for details of the placing.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

Business objectives	Planned expenses as stated in the circular of the Company dated 16 April 2021 HK$ (in million)	Actual use of proceeds up to the date of this report HK$ (in million)	Balance available as at the date of this report HK$ (in million)	Expected timeline for full utilisation of the remaining net proceeds
Expansion and operation of the business of provision of fitting-out and renovation services for commercial premises and residential developments	14.0	(14.0)	–	–

EMPLOYEE INFORMATION

As at 31 December 2021, the Group had an aggregate of 70 (2020: 75) employees.

The employees of the Group are remunerated according to their job scope and responsibilities. The local employees are also entitled to discretionary bonus depending on their respective performance. The foreign workers are employed on one or two year contractual basis and are remunerated according to their work skills. The Company has adopted a share option scheme for the grant of share options to eligible participants which includes the employees. The Group also provides staff training for the employees.

Total staff costs, including Directors' emoluments, amounted to approximately S$2,838,000 for the year ended 31 December 2021 (2020: approximately S$3,344,000).

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Tan Thiam Kiat Kelvin (陳添吉), age 49, a co-founder, an executive Director and the Chairman of the Group. He was first appointed as the Director on 10 March 2015. Mr. Tan Thiam Kiat Kelvin is also the director of Signmechanic Pte Ltd ("Signmechanic Singapore"), appointed on 1 December 1997. He has more than 20 years of experience in the signage industry.

Mr. Tan Thiam Kiat Kelvin started his career as a project team member in a company whose principal business was in signage related works. Signmechanic Singapore was acquired by Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter (who was an ex-colleague in that company) years after.

Since 1997, Mr. Tan Thiam Kiat Kelvin has been involved in Signmechanic Singapore, focusing on the growth of the business. Mr. Tan Thiam Kiat Kelvin is involved in overall management, strategic planning and business development, and maintains relationships with key customers in the public infrastructure sector.

Mr. Tan Thiam Kiat Kelvin graduated with a diploma in electronic engineering from Ngee Ann Polytechnic, Singapore in August 1992.

Ms. Kong Weishan (孔維姗), aged 39, was appointed as an executive Director on 25 January 2017.

Ms. Kong Weishan graduated from Chongqing University of Posts and Telecommunications (重慶郵電大學) with bachelor's degrees in geographic information system. Ms. Kong Weishan has extensive experience in business operation and management. She had held managerial roles in various sizable corporations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lock Kiu Yin (陸翹彥), age 40, was appointed as an independent non-executive Director on 8 May 2018. He is currently the chairman of the audit committee and a member of the nomination committee and remuneration committee of the Company.

Mr. Lock Kiu Yin graduated from Curtin University of Technology with a Bachelor of Commerce degree in accounting and accounting technologies in 2004. He is a member of CPA Australia. He has more than 10 years of experience in accounting and finance.

Mr. Lau Muk Kan (劉木根), age 71, was appointed as an independent non-executive Director on 13 June 2018. He is currently the chairman of the nomination committee and a member of the audit committee and remuneration committee of the Company.

Mr. Lau Muk Kan has engaged in the manufacturing industry for over 30 years. He has extensive experience in business management and corporation operation management.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Xiao Laiwen (肖來文), age 33, was appointed as an independent non-executive Director on 9 November 2019. He is currently the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company.

Mr. Xiao Laiwen graduated from Xiangtan University with a bachelor's degree in economics. He has extensive experience in the manufacturing and technology industries.

SENIOR MANAGEMENT

Mr. Soh Chiau Kim (蘇招金), age 42, was appointed as the general manager of the Company since March 2013. He is responsible for overall management of operations, with a focus on the execution of contracts. His roles include managing, executing and coordinating the entire contracts, in particular larger value road infrastructure projects.

COMPANY SECRETARY

Ms. Wong Tsz Yan Pinky, age 33, is the company secretary of the Company. She was appointed as the company secretary of the Company since 11 March 2016. Ms. Wong Tsz Yan Pinky is a member of the Hong Kong Institute of Certified Public Accountants. She holds a Bachelor of Administrative Studies with Honours (specialised in accounting) from the York University.

COMPLIANCE OFFICER

Mr. Tan Thiam Kiat Kelvin is an executive Director and the compliance officer of the Company. His biographical details and professional qualifications are set out on page 10 of this report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance is a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code effective on or before 31 December 2021 (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the year ended 31 December 2021.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2021.

BOARD OF DIRECTORS

The Company is governed by the Board which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. As at the date of this report, the Board comprises five Directors of which two are executive Directors and three are independent non-executive Directors.

The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholders' value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, making decisions objectively and acting in the interests of the Company and its shareholders at all times.

The Group will continue to update the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE AT BOARD MEETING

During the year ended 31 December 2021, the Board held 7 board meetings and 2 general meetings and the attendance of each Director is set out as follows:

	Number of meetings attended/ eligible to attend		
Directors	**Board meetings**	**Annual general meeting**	**Extraordinary general meeting**
Executive Directors			
Mr. Tan Thiam Kiat Kelvin	5/7	1/1	0/1
Ms. Kong Weishan	7/7	1/1	1/1
Independent non-executive Directors			
Mr. Lock Kiu Yin	7/7	1/1	1/1
Mr. Lau Muk Kan	7/7	1/1	1/1
Mr. Xiao Laiwen	7/7	1/1	1/1

APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

Each of the executive Directors has entered into a service contract with the Company with an initial term of three years commencing from the execution date. Each of the independent non-executive Directors has signed a letter of appointment with the Company with a term of two years commencing from the execution date. By virtue of the articles of association of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision in A.4.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. Such retiring Director shall be eligible for re-election.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Tan Thiam Kiat Kelvin serves as the Chairman of the Company and he is responsible for Group's overall management, strategic planning and business development while the executive Directors, department heads and various committees collectively oversees the day-to-day management and operations of the Group, which fulfill the function of chief executive officer.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are persons with relevant academic and professional qualifications. They advise the Company on strategic development, which enables the Board to maintain high standards of compliance with financial and other regulatory requirements. In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules.

DIRECTORS' PARTICIPATION IN CONTINUOUS PROFESSIONAL TRAININGS

Any newly appointed Director will be given briefings on the business activities of the Group, its strategic directions, governance practices and Director's duties and obligations. During the year, the Directors received from the Company from time to time the updates on laws, rules and regulations which might be relevant to their roles, duties and functions as director of a listed company. All Directors have been updated with the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefings and professional development to Directors will be arranged whenever necessary.

All Directors confirmed that they have participated in continuous professional development during the year ended 31 December 2021 by reading relevant articles and materials and attending seminars, courses or conferences to develop and refresh their knowledge and skills.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 23 June 2015 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors namely Mr. Lock Kiu Yin, Mr. Xiao Laiwen and Mr. Lau Muk Kan. Mr. Lock Kiu Yin, a Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee.

Among other things, the primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

During the year ended 31 December 2021, the Audit Committee held 4 meetings and the attendance of each Audit Committee member is set out as follows:

Audit Committee members	Number of meetings attended/ eligible to attend
Mr. Lock Kiu Yin *(Chairman)*	4/4
Mr. Lau Muk Kan	4/4
Mr. Xiao Laiwen	4/4

The following is a summary of work performed by the Audit Committee during the year ended 31 December 2021:

(i) reviewed the Group's annual financial results for 2020, and the Group's quarterly and half-yearly financial results for 2021;

(ii) reviewed in detail, with both management and the external auditors (a) the approach and methodology applied with respect to matters subject to external audit for the financial year ended 2021; and (b) significant findings of the external auditors pursuant to such external audit and management's response to external auditors' recommendations in respect of such findings;

(iii) reviewed in detail, with both management and the internal auditors (a) the approach and methodology applied with respect to matters subject of internal audit by internal auditor in the course of 2021; and (b) significant findings of the internal auditors pursuant to such internal audit and management's response to internal auditors' recommendations in respect of such findings; and

(iv) reviewed the external auditors' independence.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 23 June 2015 with written terms of reference in code provision B.1.2 of the CG Code. The Remuneration Committee consists of three independent non-executive Directors namely Mr. Xiao Laiwen, Mr. Lock Kiu Yin and Mr. Lau Muk Kan. Mr. Xiao Laiwen serves as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include:

(i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration;

(ii) determining the terms of the specific remuneration package of the Directors and senior management; and

(iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

During the year ended 31 December 2021, the Remuneration Committee held 1 meeting and the attendance of each Remuneration Committee member is set out as follows:

Remuneration Committee members	**Number of meetings attended/ eligible to attend**
Mr. Xiao Laiwen *(Chairman)*	1/1
Mr. Lock Kiu Yin	1/1
Mr. Lau Muk Kan	1/1

During the year ended 31 December 2021, the Remuneration Committee has reviewed the Group's overall remuneration practices and scale and other remuneration-related matters. It also deliberated on matters relating to the payment of discretionary bonuses and the remuneration packages of the Directors and senior management.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 23 June 2015 with written terms of reference in compliance with code provision A.5 of the CG Code. The Nomination Committee consists of three independent non-executive Directors namely Mr. Lau Muk Kan, Mr. Xiao Laiwen and Mr. Lock Kiu Yin. Mr. Lau Muk Kan serves as the chairman of the Nomination Committee.

The primary function of the Nomination Committee is to review the structure, size, composition and diversity of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board regarding candidates to fill vacancies on the Board and review the board diversity policy and nomination policy of the Company.

The Company has adopted a board diversity policy. The Company seeks to achieve Board diversity through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Upon the review of the Board's composition taking into account the diversity policy, the Nomination Committee considers that the Board has maintained an appropriate mix and balance of gender, age, ethnicity, skills, knowledge, experience and diversity of perspectives appropriate to the business requirements of the Company. The Nomination Committee review the board diversity policy annually to ensure its continued effectiveness.

During the year ended 31 December 2021, the Nomination Committee held 1 meeting and the attendance of each Nomination Committee member is set out as follows:

Nomination Committee members	**Number of meetings attended/ eligible to attend**
Mr. Lau Muk Kan *(Chairman)*	1/1
Mr. Lock Kiu Yin	1/1
Mr. Xiao Laiwen	1/1

During the year ended 31 December 2021, the Nomination Committee has reviewed the structure, size and composition of the Board, the independence of independent non-executive Directors and the board diversity policy and the nomination policy. It has also recommendations to the Board on the re-appointment of Directors.

Nomination Policy

The Board has adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and procedure of appointing and re-appointing a Director.

CORPORATE GOVERNANCE REPORT

Selection criteria

In assessing the suitability of a proposed candidate, the Nomination Committee would consider factors including:

- character and integrity;
- professional qualifications, skills, knowledge and relevant experience in the industry;
- whether the candidate can contribute to the diversity of the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skill, knowledge and length of service;
- commitment in respect of available time and relevant interest; and
- where the candidate is proposed to be appointed as an independent non-executive Director, whether the candidate is independent in the context of GEM Listing Rules.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Nomination Procedures

The procedure of appointing and re-appointing a Director is summarised as follows:

- nomination and invitation of suitable candidates by any member of the Nomination Committee or the Board;
- evaluation of the candidate based on all selection criteria as set out in the Nomination Policy;
- performing due diligence in respect of each candidate and making recommendation for the Board's consideration and approval;
- in case of nomination of an independent non-executive Director, assessing the candidate's independence under the relevant code provisions of the CG Code and the GEM Listing Rules;
- where nominating an independent non-executive Director for election at general meetings, having due consideration of matters under code provision A.5.5 of the CG Code;
- in the context of re-appointment of retiring Directors, reviewing the candidate's overall contribution and performance and making recommendations to the Board and/or the shareholders for consideration in connection with his/her re-election at general meetings; and
- convening a meeting of the Board to consider the appointment or re-appointment of the candidate as a Director

The Nomination Committee shall review the nomination policy and assess its effectiveness on a regular basis or as required.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions as set out in code provision D.3.1 of the CG Code.

During the year ended 31 December 2021, the Board has reviewed and monitored the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's code of conduct and the compliance with the CG Code and disclosure in this Corporate Governance Report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration and the five highest paid employees for the year ended 31 December 2021 are set out in note 12 to the consolidated financial statements in this annual report.

The remuneration of the members of the senior management (other than the Directors), whose particulars are contained in the section headed "Directors and Senior Management Profile" of the annual report, for the year ended 31 December 2021 by band is set out below:

Remuneration band	Number of individuals
Nil to HK$1,000,000	1

AUDITORS' REMUNERATION

The remuneration payable to the Company's external auditors, McMillan Woods (Hong Kong) CPA Limited, for the year ended 31 December 2021, is set out as follows:

	Fees paid/ payable S$
Annual audit services	100,000

The amount of fees charged by the auditors generally depends on the scope and volume of the auditors' work.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems (including reviewing their effectiveness) to safeguard shareholder's investment and the Group's assets.

CORPORATE GOVERNANCE REPORT

The Group has engaged an independent consultant (the "Consultant") to perform the internal audit functions and evaluate the risk management and internal control systems of the Group. The Consultant reported the risks and internal control weaknesses identified during the reviews and the recommended corrective actions directly to the Audit Committee. The Board has reviewed and will adopt the recommendations of the Consultants and the Audit Committee.

During the year ended 31 December 2021, the management presented to the Audit Committee and the Board on the Group's risk profile, status of risk mitigation action plans and results of various assurance activities carried out during the year ended 31 December 2021 on the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks. The assurance activities include controls self-assessment performed by the management, internal and external audits performed by independent professional parties and external certifications by external certification centers.

Based on the risk management framework and internal controls established and maintained by the Group, work performed by the independent professional parties and reviews performed by management, various Board committees and the Board, the Audit Committee and the Board consider the risk management and internal control systems of the Group to be adequate and effective for the year ended 31 December 2021.

The Board notes that system of risk management and internal controls established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

COMPANY SECRETARY

Ms. Wong Tsz Yan Pinky ("Ms. Wong") has been appointed as the company secretary of the Company since 11 March 2016 pursuant to Rule 5.14 of the GEM Listing Rules. Ms. Wong has taken no less than 15 hours of professional training during the year ended 31 December 2021.

SHAREHOLDERS' RIGHTS

The general meetings of the Group provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. The Board and the external auditor are present to address shareholders' queries.

CORPORATE GOVERNANCE REPORT

Right to Convene Extraordinary General Meeting and Put Forward Proposals at General Meeting

Any one or more shareholder(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an extraordinary general meeting ("EGM") to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Unit 1104A, 11/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the request has been verified not in order, the shareholders will be advised of this outcome accordingly, and an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s) may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a of the failure of the Board shall be reimbursed by the Group to the requisitionist(s).

Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2021, there had been no significant change in the Company's constitutional documents. The articles of association of the Company are available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications. As such, the purpose for the Company to formulate investor relations policies is to let investors have access to the information of the Group in a fair and timely manner, so that they can make an informed decision.

We welcome investors to write to the Company or send their inquiries to the Company's website www.kpmholding.com to share their opinions with the Board. The Company's website also discloses the latest business information of the Group to investors and the public.

ACCOUNTABILITY AND AUDIT FINANCIAL REPORTING

The management provides such explanation and information to the Board and reports to the Board on the financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. As at 31 December 2021, the Board was not aware of any material uncertainties relating to any events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditor about their reporting responsibility is set out in the section headed "Independent Auditors' Report" of this report.

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in notes 1 and 35 to the consolidated financial statements in this annual report. The Group is principally engaged in the design, fabrication, installation and maintenance of signage and related products and the business of provision of subcontracting services for fitting-out work of commercial premises and residential developments and renovation work of premises.

BUSINESS REVIEW

A review of the Group's performance, business activities and development is included in the Chairman's Statement and the Management Discussion and Analysis in the annual report.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 December 2021 is set out in the consolidated statement of profit or loss and other comprehensive income on page 41 of this report and the financial position of the Group as at 31 December 2021 are set out in the consolidated statement of financial position on page 42 to page 43 of this report. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may declare and pay dividends to the shareholders of the Company. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders of the Company.

Subject to compliance with applicable laws, rules, regulations and the articles of association of the Company, in deciding whether to propose a dividend payout, the Board will take into account, among other things, the Group's actual and expected financial performance, expected working capital requirements, capital expenditure requirements and future expansion plans, the retained earnings and distributable reserves and liquidity position of the Group, the general economic conditions and any other factors that the Board deems relevant.

The Board will review the dividend policy from time to time and there is no assurance that dividends will be paid in any particular amount for any given period.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the annual report. The summary does not form part of the audited financial statements.

REPORT OF THE DIRECTORS

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 December 2021, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings.

KEY RISKS AND UNCERTAINTIES

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in our businesses and operations as efficiently and effectively as possible. The Board delegates some of this responsibility to various operational departments. The Group's financial position, operations, business and prospects may be affected by the following identified risks and uncertainties. The Group adopts risk management policies, measures and monitoring systems to pre-empt and contain exposures associated with the identified risks.

Liquidity risk

The Group's exposure to liquidity risk arises in the general funding of the Group's operations, in particular, that the duration of the contracts span from 1 month to 4 years and during which the amount of progress claim vary from month to month.

As such, the Group actively manages our customers' credit limits, aging, and repayment of retention monies and monitors the operating cash flows to ensure adequate working capital funds and repayment schedule is met.

Foreign Exchange Exposure

The Group mainly operates in Singapore but the Group has retained the proceeds from placement in Hong Kong Dollars, which exposed the Group to foreign exchange risk arising from the fluctuations of exchange rate for Hong Kong Dollars against Singapore Dollars. The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures if necessary.

GOING CONCERN

Based on the current financial position and financing facilities available, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the consolidated financial statements were prepared on a going concern basis.

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Details of movements in the Group's property, plant and equipment and right-of-use assets during the year ended 31 December 2021 are set out in notes 15 and 16 to the consolidated financial statements.

BANK AND OTHER BORROWINGS

As at 31 December 2021, the Group's borrowings comprised the property loan of approximately S$2,608,000 (2020: S$2,967,000) and lease liabilities of approximately S$50,000 (2020: S$107,000). Details of the bank borrowings and lease liabilities are set out in note 24 and note 25 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2021 are set out in note 27 to the consolidated financial statements.

USE OF PROCEEDS FROM THE PLACING OF SHARES

Up to the date of this report, the Company has utilised all net proceeds raised from the placing in accordance with the intended use of proceeds set out in the prospectus. Details of the intended uses and utilised amount are set out on page 8 of this annual report.

RESERVES

Details of change in reserves of the Group and the Company are set out on page 44 and page 110 of this report respectively.

DISTRIBUTABLE RESERVES

The Company may pay dividends out of the share premium account provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

As at 31 December 2021, the Company had distributable reserves amounting to S$14,002,553 (2020: S$12,126,905).

CHARITABLE CONTRIBUTIONS

No charitable contributions was made by the Group during the year ended 31 December 2021 and 2020.

EVENT AFTER THE REPORTING PERIOD

The outburst of COVID-19 Pandemic has brought additional uncertainties in the global macroeconomic situation which may affect the Group's financial performance. However, since the outburst is a fluid and challenging situation facing all the industries globally, the degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the outburst and assess its impact on the financial position and operating results of the Group.

REPORT OF THE DIRECTORS

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public during the year ended 31 December 2021 and as at the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, sales to the Group's five largest customers accounted for approximately 61.7% of total sales and sales to the largest customer included therein amounted to approximately 38.0% of total sales. The Group's five largest suppliers accounted for approximately 68.9% of total purchases during the year ended 31 December 2021 and purchases from the largest supplier included therein amounted to approximately 22.6% of total purchases.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules), or any of the shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during the year ended 31 December 2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a responsible corporation, the Group endeavours to protect the environment, promote environmental and social responsibility to employees and contribute to the community. The Group reviews its environmental practices from time to time and considers implementing further eco-friendly measures and practices in our daily operation. In terms of social responsibilities, the Group pays close attention to the employees' occupational health and safety and is constantly looking for opportunities to contribute to the balanced development of society.

In accordance with Rule 17.103 of the GEM Listing Rules, the company will publish an Environmental, Social and Governance Report within five months after the end of the financial year ended 31 December 2021 in compliance with the provisions set out in Appendix 20 to the GEM Listing Rules.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2021, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of our Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are our valuable assets. Thus our Group provides competitive remuneration package to attract and motivate the employees. Our Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

Our Group also understands that it is important to maintain good relationship with our business partners, suppliers and customers to achieve its long-term goals. Accordingly, our senior management have kept good communication, promptly exchanged ideas and shares business update with them when appropriate. During the year, there was no material and significant dispute between our Group and its business partners, suppliers and customers.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the year ended 31 December 2021 and up to the date of this report are:

Executive Directors

Mr. Tan Thiam Kiat Kelvin *(Chairman)*
Ms. Kong Weishan

Independent non-executive Directors

Mr. Lock Kiu Yin
Mr. Lau Muk Kan
Mr. Xiao Laiwen

One-third of the Directors shall retire from office by rotation and re-election at an annual general meeting of the Company in accordance with the Company's articles of association, providing that every Director shall be retired at least once every three years.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company with a term of three years and each of the independent non-executive Directors has signed a letter of appointment with the Company with a term of two years. All Directors are subject to retirement by rotation pursuant to the articles of association of the Company.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION POLICY

The Directors' fees are subject to shareholders' approval at general meetings. Other remunerations are determined by the Board with reference to the Directors' experience, responsibilities and performance of the Group.

The remuneration policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. Details of the remuneration of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in note 12 to the consolidated financial statements.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and the senior management of the Group are set out on page 10 to page 11 of this annual report.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

None of the Directors or the Director's connected entity had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party at any time during the year ended 31 December 2021.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles and associations of the Company, the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Such provisions were in force during the year ended 31 December 2021 and remained in force as at the date of this report.

COMPETING INTERESTS

The Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 December 2021.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any substantial part of the Company's business were entered into or existed during the year ended 31 December 2021.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2021, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Aggregate long positions in the shares and underlying shares of the Company

Name of Directors	Nature of interest	Number of shares held	Number of underlying shares held[(2)]	Approximate percentage of the Company's issued share capital
Executive Directors:				
Tan Thiam Kiat Kelvin	Interest of controlled company[(1)]	39,337,600	–	17.56%
Kong Weishan	Beneficial owner	–	1,280,000	0.57%
Independent non-executive Directors:				
Lau Muk Kan	Beneficial owner	–	1,280,000	0.57%
Lock Kiu Yin	Beneficial owner	–	1,280,000	0.57%
Xiao Laiwen	Beneficial owner	–	1,280,000	0.57%

Note:

(1) The entire issued share capital of Absolute Truth Investments Limited is beneficially owned as to 50% by Mr. Tan Thiam Kiat Kelvin and as to 50% by Mr. Tan Kwang Hwee Peter. Under the SFO, Mr. Tan Thiam Kiat Kelvin is deemed to be interested in all the shares held by Absolute Truth Investments Limited.

(2) On 9 April 2020, the Company granted share options to Ms. Kong Weishan, Mr. Lau Muk Kan, Mr. Lock Kiu Yin and Mr. Xiao Laiwen under the share option scheme of the Company at an exercise price of HK$0.45 per share (adjusted) with a validity period of two years from 9 April 2020 to 8 April 2022 (both days inclusive).

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executive of the Company had any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, the following substantial shareholders' and other persons' interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register required to be kept under section 336 of the SFO:

Aggregate long positions in the shares and underlying shares of the Company

Name of substantial shareholder	Nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Absolute Truth Investments Limited	Beneficial owner	39,337,600	17.56%
Tan Kwang Hwee Peter	Interest of controlled company[(1)]	39,337,600	17.56%

Notes:

(1) The entire issued share capital of Absolute Truth Investments Limited is beneficially owned as to 50% by Mr. Tan Thiam Kiat Kelvin and as to 50% by Mr. Tan Kwang Hwee Peter. Under the SFO, each of Mr. Tan Thiam Kiat Kelvin and Mr. Tan Kwang Hwee Peter is deemed to be interested in all the shares held by Absolute Truth Investments Limited.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any other person (other than the Directors or chief executive of the Company whose interests are disclosed above) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

A full corporate governance report is set out on page 12 to page 22 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, at least 25% of the Company's total issued share capital was held by the public.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 21 September 2018.

REPORT OF THE DIRECTORS

On 9 April 2020, the Company granted a total of 12,800,000 share options (adjusted) to Directors and employees of the Group under the Share Option Scheme at an exercise price of HK$0.45 per share (adjusted) with a validity period of two years from 9 April 2020 to 8 April 2022 (both days inclusive). The share options granted were vested immediately. The closing price of the Company's shares immediately before the date of grant was HK$0.45 (adjusted). Details of the outstanding share options are as follows:

	Outstanding as at 1 January 2020	Granted during the year	Exercised/ cancelled/ lapsed during the year	Outstanding as at 31 December 2020 and 1 January 2021	Granted/ exercised/ cancelled/ lapsed during the year	Outstanding as at 31 December 2021
Directors						
Kong Weishan	–	1,280,000	–	1,280,000	–	1,280,000
Lau Muk Kan	–	1,280,000	–	1,280,000	–	1,280,000
Lock Kiu Yin	–	1,280,000	–	1,280,000	–	1,280,000
Xiao Laiwen	–	1,280,000	–	1,280,000	–	1,280,000
Employees	–	7,680,000	–	7,680,000	–	7,680,000
	–	12,800,000	–	12,800,000	–	12,800,000

The fair values of the share options granted to each of Kong Weishan, Lau Muk Kan, Lock Kiu Yin and Xiao Laiwen were S$57,622 and the fair values of the share options granted to employees were S$309,270.

Save as disclosed above, during the year ended 31 December 2021 and 2020, no share options was granted, exercised, lapsed or cancelled under the Share Option Scheme. As at 31 December 2021, there were 12,800,000 outstanding share options, which represented approximately 5.7% of the Company's issued share capital as at 31 December 2021 and the date of this annual report.

The following is a summary of the principal terms of the Share Option Scheme:

Purpose

The purpose of the Share Option Scheme is to provide incentives and/or rewards to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company.

Eligible participants

The eligible participants include any full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Group); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sublicensee) or distributors, landlords or tenants (including any sub-tenants) of the Group who, in the sole discretion of the Board, has contributed or may contribute to the Group.

REPORT OF THE DIRECTORS

Number of shares available for issue

The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of the approval of the Share Option Scheme or the date of shareholders' approval of a refreshment of such limit in a general meeting of the Company. The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the issued shares in issue from time to time.

As at the date of this report, a total of 22,400,000 shares are available for issue under the Share Option Scheme, which represented 10% of the issued share capital of the Company.

Maximum entitlement of each participant

The maximum number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the issued share capital of the Company. Any further grant of share options in excess of this limit is subject to approval by the shareholders of the Company in the general meeting of the Company with such participant and his/her/its close associates abstain from voting.

Option period

An option may be exercised at any time during the period to be determined by the Board provided that such period shall not exceed the period of 10 years from the date of the grant of the particular option subject to the provisions for early termination of the Share Option Scheme. There is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before it can be exercised.

Acceptance of offer

The offer of the grant of the share option shall remain open for acceptance for a period of 21 days from the date of the offer. A non-refundable nominal consideration of HK$1.00 is payable by the grantee upon acceptance of the offer.

Exercise price

The exercise price may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Company's shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the date of the offer of the share options; (ii) the average of the closing prices of the Company's shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) trading days immediately preceding the date of the offer of the share options; and (iii) the nominal value of the Company's shares.

Remaining life of the scheme

The Share Option Scheme shall be valid and effective for a period of ten years from 21 September 2018.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as disclosed in the paragraph headed "Share Option Scheme" above, no equity-linked agreement was entered into by the Company during the year ended 31 December 2021 or subsisted at the end of the year ended 31 December 2021.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save for the Share Option Scheme, at no time during the year ended 31 December 2021 was the Company or any of its subsidiaries or its other associated corporations a party to any arrangement to enable the Directors or chief executives of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

AUDITOR

HLB Hodgson Impey Cheng Limited ("HLB") has resigned as auditor of the Company with effect from 3 January 2022 as the Company and HLB could not reach a consensus on the audit fee for the year ended 31 December 2021.

McMillan Woods (Hong Kong) CPA Limited was appointed as the new auditor of the Company with effect from 3 January 2022 to fill the casual vacancy following the resignation of HLB. The consolidated financial statements for the year ended 31 December 2021 have been audited by McMillan Woods (Hong Kong) CPA Limited, who will retire at the forthcoming annual general meeting of the Company and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of McMillan Woods (Hong Kong) CPA Limited as the auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Tan Thiam Kiat Kelvin
Chairman and Executive Director

Singapore, 23 March 2022

INDEPENDENT AUDITOR'S REPORT

McMillanWoods
Professionalism at the forefront

McMillan Woods (Hong Kong) CPA Limited

TO THE SHAREHOLDERS OF KPM HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of KPM Holding Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 41 to 111, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

Impairment of trade receivables, contract assets and loan and other receivables

Refer to the significant accounting policies in note 3, critical accounting judgement and key sources of estimation uncertainty in note 4 and relevant disclosures in note 18, 19 and 31 to the consolidated financial statements.

As at 31 December 2021, the Group had gross trade receivables, contract assets, loan and other receivables of approximately S$1,519,460, S$3,644,579 and S$2,703,911 respectively and net allowance for expected credit losses ("ECL") of approximately S$720,123, S$40,827 and S$28,389 respectively.

We identified the above matter as a key audit matter due to the significance of the amounts of trade receivables, contract assets and loan and other receivables to the consolidated financial statements and the significant judgement and estimate made by the directors in determining the provision for ECL on trade receivables, contract assets and loan and other receivables.

How our audit addressed the key audit matter

Our procedures in relation to the provision for ECL on trade receivables, contract assets and loan and other receivables included:

- Evaluating the design, implementation and operating effectiveness of key internal controls over credit control, debt collection and estimate of ECL;

- With the assistance of auditor's expert, assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward looking information including the economic variables and assumptions used in each of the economic scenarios and their probability weightings and assessing whether there was an indication of management bias when recognising loss allowances;

- Inspecting settlements after the financial year end relating to the trade receivables, contract assets and loan and other receivables as at 31 December 2021; and

- Reviewing the appropriateness of the disclosure in the consolidated financial statements in relation to the Group's credit risk exposure.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
Revenue and profit recognition for fitting-out renovation service contracts	
Refer to the significant accounting policies in note 3, critical accounting judgement and key sources of estimation uncertainty in note 4 and relevant disclosure in note 5 to the consolidated financial statements. The Group's revenue from service contracts amounted to approximately S$10,603,011 for the year ended 31 December 2021. Contract revenue is recognised progressively over time using the input method based on direct measurements of the contract costs incurred to value the contract work performed to date relative to the estimated total contract costs. Accordingly, revenue recognition on service contracts involves a significant degree of management estimates and judgment.	Our procedures in relation to revenue recognition on fitting-out and renovation service contracts included: • obtaining an understanding of the performance and status of all major contracts through discussion with management and key staff; • Obtaining an understanding from the management, about the contract terms, performance and status of selected contracts to evaluate the reasonableness of the basis of estimation of the total contract costs, and contract costs incurred for work performed to date; • examining the contract and performing substantive testing on costs incurred to date; and • Comparing the percentage of completion for contracts to the proportion of contract costs for works performed to date bear to the total estimated contract costs.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 22 March 2021.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Ho Wai Kuen
Audit Engagement Director
Practising Certificate Number: P05966

24/F., Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

Hong Kong, 23 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	**2021 S$**	2020 S$
Revenue	5	**18,541,810**	6,383,204
Cost of sales and services		**(16,224,926)**	(5,710,834)
Gross profit		**2,316,884**	672,370
Other income	6	**539,501**	760,301
Other gains and losses	7	**165,859**	(731,457)
Selling and administrative expenses	8	**(2,447,332)**	(4,122,186)
Allowances for expected credit losses, net		**(211,739)**	(63,497)
Finance costs	9	**(29,215)**	(56,521)
Profit/(loss) before income tax		**333,958**	(3,540,990)
Income tax (expense)/credit	10	**(88,200)**	113,711
Profit/(loss) for the year	11	**245,758**	(3,427,279)
Other comprehensive (expense)/income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		**(26,542)**	31,590
Other comprehensive (expense)/income, net of tax		**(26,542)**	31,590
Total comprehensive income/(expense) for the year attributable to owners of the Company		**219,216**	(3,395,689)
Earnings/(Loss) per share			
Basic and diluted (S$ cents)	13	**0.131**	(2.678)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	**31 December 2021 S$**	31 December 2020 S$
ASSETS			
Non-current assets			
Property, plant and equipment	15	**2,676,012**	2,901,942
Right-of-use assets	16	**1,292,924**	1,549,650
Deferred tax assets	26	**51,511**	139,711
Total non-current assets		**4,020,447**	4,591,303
Current assets			
Inventories	17	**295,424**	274,746
Trade and other receivables	18	**5,558,245**	6,726,999
Contract assets	19	**3,603,752**	628,590
Pledged bank deposits	20	**–**	213,716
Bank and cash balances	20	**3,616,810**	3,260,267
Total current assets		**13,074,231**	11,104,318
Total assets		**17,094,678**	15,695,621
Current liabilities			
Trade payables	21	**905,156**	1,396,492
Other payables and accruals	22	**499,575**	754,058
Contract liabilities	23	**161,585**	207,126
Bank loan	24	**356,881**	357,784
Lease liabilities	25	**15,541**	56,610
Total current liabilities		**1,938,738**	2,772,070
Net current assets		**11,135,493**	8,332,248
Total assets less current liabilities		**15,155,940**	12,923,551
Non-current liabilities			
Bank loan	24	**2,251,560**	2,609,694
Lease liabilities	25	**34,695**	50,236
Total non-current liabilities		**2,286,255**	2,659,930
NET ASSETS		**12,869,685**	10,263,621

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	**31 December 2021 S$**	31 December 2020 S$
Capital and reserves			
Share capital	27	**1,200,855**	689,655
Share premium		**14,002,553**	12,126,905
Merger reserves		**(4,570,095)**	(4,570,095)
Share-based payments reserve		**539,758**	539,758
Currency translation reserve		**22,407**	48,949
Accumulated profits		**1,674,207**	1,428,449
TOTAL EQUITY		**12,869,685**	10,263,621

The consolidated financial statements on pages 41 to 111 were approved and authorised for issue by the Board of Directors on 23 March 2022 and are signed on its behalf by:

Tan Thiam Kiat Kelvin
Chairman and Executive Director

Kong Weishan
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital	Share premium (Note A)	Merger reserves (Note B)	Share-based payments reserve (Note C)	Currency translation reserve (Note D)	Retained earnings	Total
	S$	S$	S$	S$	S$	S$	S$
At 1 January 2020	689,655	12,126,905	(4,570,095)	–	17,359	4,855,728	13,119,552
Loss for the financial year	–	–	–	–	–	(3,427,279)	(3,427,279)
Other comprehensive income/(expense):							
Foreign currency translation	–	–	–	–	31,590	–	31,590
Total comprehensive loss	–	–	–	–	31,590	(3,427,279)	(3,395,689)
Recognition of equity-settled shared-based payments (note 28)	–	–	–	539,758	–	–	539,758
At 31 December 2020 and 1 January 2021	689,655	12,126,905	(4,570,095)	539,758	48,949	1,428,449	10,263,621
Profit for the financial year	–	–	–	–	–	245,758	245,758
Other comprehensive income/(expense):							
Foreign currency translation	–	–	–	–	(26,542)	–	(26,542)
Total comprehensive income	–	–	–	–	(26,542)	245,758	219,216
Placing of new shares (Note 27)	511,200	1,875,648	–	–	–	–	2,386,848
At 31 December 2021	1,200,855	14,002,553	(4,570,095)	539,758	22,407	1,674,207	12,869,685

Note:

(A) Share premium represents the excess of share issue over the par value.

(B) Merger reserves represents the difference between the underlying net assets of a subsidiary which was acquired by the Company pursuant to the re-organisation on 23 June 2015 and the total par value and share premium amount of the shares issued.

(C) Share-based payments reserve comprises the portion of the grant date fair value of unexercised share options granted to directors and employees of the Company has yet been recognised.

(D) The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 S$	2020 S$
OPERATING ACTIVITIES		
Profit/(loss) before income tax	**333,958**	(3,540,990)
Adjustments for:		
Gain on disposal of property, plant and equipment	**(5,218)**	(2,000)
Property, plant and equipment written off	**12,057**	3,365
Loss of early termination of a lease	**–**	22
Depreciation and amortisation expenses	**513,178**	612,525
Interest income	**(208,538)**	(269,706)
Finance costs	**29,215**	56,521
Net allowance for expected credit losses	**211,739**	63,497
Recognition of equity-settled share-based payment	**–**	539,758
Net foreign exchange (gain)/loss	**(172,698)**	65,496
Operating cash flow before movements in working capital	**713,693**	(2,471,512)
Change in inventories	**(20,678)**	(74,577)
Change in trade and other receivables	**126,751**	(561,842)
Change in contract assets	**(2,987,307)**	21,604
Change in trade payables	**(491,336)**	14,933
Change in other payables and accruals	**(254,483)**	476,035
Change in contract liabilities	**(45,541)**	170,887
Net cash used in operating activities	**(2,958,901)**	(2,424,472)
INVESTING ACTIVITIES		
Withdrawal of pledged bank deposits	**213,716**	302,486
Purchase of property, plant and equipment	**(50,000)**	(31,279)
Proceeds from disposal of property, plant and equipment	**12,800**	2,000
Settlement from loan receivables	**1,137,117**	(1,777,169)
Interest received	**203**	137,520
Net cash from/(used in) investing activities	**1,313,836**	(1,366,442)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 S$	2020 S$
FINANCING ACTIVITIES		
Proceeds from placing of new shares	**2,386,848**	–
Repayment of bank loan	**(359,037)**	(312,522)
Bank loan interest paid	**(25,935)**	(47,558)
Repayment of lease liabilities	**(56,610)**	(173,139)
Lease liabilities interest paid	**(3,280)**	(8,843)
Other interest paid	**–**	(120)
Net cash from/(used in) financing activities	**1,941,986**	(542,182)
Net increase/(decrease) in cash and cash equivalents	**296,921**	(4,333,096)
Cash and cash equivalents, represented by bank and cash balances at 1 January	**3,260,267**	7,629,334
Effect of exchange rate changes	**59,622**	(35,971)
Cash and cash equivalents, represented by bank and cash balances at 31 December	**3,616,810**	3,260,267

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was a public limited company incorporated and registered as an exempted company in the Cayman Islands with limited liability on 10 March 2015 and its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) on 30 March 2015. The principal place of business in Hong Kong registered is Unit 1104A, 11F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong. The head office and principal place of business of the Group is at 14 Loyang Way 4, Singapore 507601.

The Company is an investment holding company and the operating subsidiaries are principally engaged in the design, fabrication, installation and maintenance of signage and related products and the business of provision of fitting-out and renovation services for commercial premises and residential developments. The details of the subsidiaries are set out in note 35.

The consolidated financial statements are presented in Singapore Dollars ("S$"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest rate Benchmark Reform – Phrase 2
Amendment to IFRS 16	COVID-19-Related Rent Concessions

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform – Phrase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. APPLICATION OF AMENDMENTS INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform – Phrase 2 (continued)

The amendments do not have an impact on these consolidated financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to IFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19 Related Rent Concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. The application of the amendment does not have any impact on these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been yet effective:

The Group has not applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning on or after 1 January 2021. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendment to IFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IFRS 3 Business Combination – Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with applicable IFRSs issued by the IASB, which in collective term includes all individual IFRs, International Accounting Standards ("IASs") and Interpretations.

For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected in influence decisions made by primary users.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and the applicable disclosures required by the Hong Kong Companies Ordinance.

The directors of the Company have at the time at approving the consolidated financial statement, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting was adopted in reporting the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period as explained in the accounting policies set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation of consolidated financial statements (continued)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based transactions that are within the scope of IFRS 2 Share-Based Payment, leasing transactions that are within the scope of IFRS 16 Leases and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and other income recognition

Revenue from contracts with customers

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance complete to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Business of design, fabrication, installation and maintenance of signage

Revenue from the sale of design, fabrication, installation and maintenance of signage are recognised at the point in time when control of the asset is transferred to the customer, generally on signage products being delivered or installed. The normal credit term is 30 days to 60 days upon delivery or install. Payment in advance is required for some contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and other income recognition (continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Fitting-out renovation services

Service revenue from fitting-out renovation services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method.

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or input to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Other income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Definition of a lease (continued)

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Definition of a lease (continued)

As a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Definition of a lease (continued)

As a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements of the Group, transactions in currencies other than the functional currency of the Group (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the Group operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group, using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in the other comprehensive income and accumulated in equity under the heading of currency reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Retirement benefit costs

Payments made to defined contribution retirement plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Central Provident Fund

Group's subsidiary in Singapore makes contributions to the Central Provident Fund retirement benefit scheme (the "CPF Scheme") in Singapore, a state-managed retirement benefit scheme operated by the government of Singapore. The subsidiary is required to contribute a specified percentage of payroll costs to the CPF Scheme to fund the benefits. The only obligation of the Group with respect to the CPF Scheme is to make the specified contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs (continued)

Mandatory Provident Fund

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expenses unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

Share based payments

Equity-settled share-based payments transactions

Shares options granted to employees

Equity-settled share-based payments to employee and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares options that vest immediately at the date of grant, the fair value of the share options granted is expenses immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business consolidation) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption are recognised on the date of remeasurement or modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied to the same taxable entry by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on property, plant and equipment and right-of-use assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating units, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rate to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on property, plant and equipment and right-of-use assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past even, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when the group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Recognised financial assets and financial liabilities are initially measured at fair value except for trade receivable arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that the form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and measurement of financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and measurement of financial assets at amortised cost (continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other revenue and other income" line item.

Impairment of financial assets and contract assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, loan receivables, pledged bank deposit and cash and bank balances) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and contract assets (continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables and loan receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities and equity instruments

Classification as financial liabilities or equity

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including bank loan, trade payables, accruals and other payables) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to courted the transferred asset, the Group recognises it retained interest in the asset and an osculated liability for amounts it may have to pay. If the Group retains substantially all the risks and reward of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

 (i) has control or joint control over the Group;

 (ii) has significant influence over the Group; or

 (iii) is a member of the key management personnel of the Company or of a parent of the Company;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

or

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provided key management personal services to the Company or to the parent of the Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Event after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Company have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations which are dealt with below).

Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Income taxes

The Group is subject to Singapore corporate income tax and Hong Kong Profits Tax. Significant estimates are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Revenue recognition on service contract from fitting-out and renovation service

As detailed in note 3, the Group recognised revenue on service contracts from fitting-out and renovation service by reference to the progress towards complete satisfaction of the relevant performance obligation using input method, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management regularly discusses with the project team in order to review and revise the estimates of the total contract costs based on stage of completion of the work performed to date with reference to the performance and status of corresponding service contract work. Accordingly, revenue recognition on service contracts involves a significant degree of management estimates and judgment, with estimates being made to assess the total contract costs and contract costs incurred for work performed to date.

The management reviews and revises the estimates of total contract costs for the fitting-out and renovation services and contract costs incurred for work performed to date as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Impairment of trade and other receivables and contract assets

The management of the Group estimates the amount of impairment loss for ECL on trade and other receivables and contract assets based on the credit risk of trade and other receivables and contract assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2021, the aggregated carrying amount of trade and other receivables and contract assets were approximately S$9,161,997 (net of loss allowance of approximately S$789,339) (2020: S$7,355,589 (net of loss allowance of approximately S$618,042)).

Property, plant and equipment, right-of-use assets and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment and right-of-use assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and right-of-use assets of similar nature and functions. The Group will revise the depreciation charges where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amounts of property, plant and equipment and right-of-use assets as at 31 December 2021 were approximately S$2,676,012 (2020: S$2,901,942) and S$1,292,924 (2020: S$1,549,650) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset including property, plant and equipment right-of-use assets, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate projections in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2021, the carrying amounts of property, plant and equipment and right-of-use assets were S$2,676,012 (2020: S$2,091,942) and S$1,292,924 (2020: S$1,549,650) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company are identified as the chief operating decision maker (the "CODM") of the Group for the purposes of resources allocation and performance assessment. The information reported to the CODM for the purposes of resources allocation and performance assessment focuses specifically on respective businesses of the Group. The Group's operating and reportable segments are as follows:

(i) Signage business

Sale of signage, bollard, variable-message signs, bus stops, linkways and aluminium railing to customers in Singapore.

(ii) Fitting-out and renovation services

Provision of fitting-out and renovation services for commercial premises and residential developments.

Following the changes of reporting structure, the number of operating and reportable segments in the Group was increased from one to two during the year ended 31 December 2021 due to commencement of the fitting-out and renovation services in Hong Kong.

The accounting policies of the operating segments are the same as those described in Note 4 to the consolidated financial statements. There was no inter-segment sale or transfer during the year ended 31 December 2021 (2020: Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the CODM for assessment of segment performance. Segment assets do not include cash and bank balances, deferred tax assets and other unallocation head office and corporate assets. Segment liabilities do not include other unallocated head office and corporate liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE AND SEGMENT INFORMATION (continued)

An analysis of the Group's revenue and results by operating and reportable segments is as follows:

	Year ended 31 December 2021		
	Signage business S$	Fitting-out and renovation services S$	Total S$
Segment revenue			
Sales to external customers	7,938,799	10,603,011	18,541,810
Segment results	202,500	(25,772)	176,728
Reconciliation			
Unallocated other income and other gains and losses			368,969
Corporate and other unallocated expenses			(211,739)
Profit before tax			333,958
Segment assets	5,967,510	4,809,082	10,776,592
Reconciliation			
Deferred tax assets			51,511
Cash and bank balances			3,616,810
Corporate and other unallocated assets			2,649,765
Total assets			17,094,678
Segment liabilities	3,854,444	–	3,854,444
Reconciliation			
Corporate and other unallocated liabilities			370,549
Total liabilities			4,224,993
Other segment information			
Depreciation and amortisation expenses	513,178	–	513,178
Capital expenditure*	50,000	–	50,000

* Represented additions to property, plant and equipment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE AND SEGMENT INFORMATION (continued)

	Year ended 31 December 2020		
	Signage business S$	Fitting-out and renovation services S$	Total S$
Segment revenue			
Sales to external customers	6,383,204	–	6,383,204
Segment results	(3,015,327)	–	(3,015,327)
Reconciliation			
Unallocated other income and other gains and losses			269,291
Corporate and other unallocated expenses			(794,954)
Loss before tax			(3,540,990)
Segment assets	8,310,256	–	8,310,256
Reconciliation			
Deferred tax assets			139,711
Pledged bank deposits			213,716
Cash and bank balances			3,260,267
Corporate and other unallocated assets			3,771,671
Total assets			15,695,621
Segment liabilities	5,023,742	–	5,023,742
Reconciliation			
Corporate and other unallocated liabilities			408,258
Total liabilities			5,432,000
Other segment information			
Depreciation and amortisation expenses	586,754	–	586,754
Unallocated depreciation and amortisation expenses			25,771
Unallocated amounts			612,525
Capital expenditure*	31,279	–	31,279

* Represented additions to property, plant and equipment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE AND SEGMENT INFORMATION (continued)

Major Customers

Revenue from customers individually contributed over 10% of the total revenue of the Group are as follows:

	2021 S$	2020 S$
Fitting-out and renovation services		
Customer A	**7,053,797**	– Note

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

	2021 S$	2020 S$
Revenue from contracts with customers within the scope of IFRS 15		
Timing for revenue recognition		
Revenue recognised at a point in time	**7,938,799**	6,383,204
Revenue recognised over time	**10,603,011**	–
	18,541,810	6,383,204

Geographical information

In presenting the geographical information, revenue is based on the locations of the customers.

The Group operates in two principal geographical areas – Singapore and Hong Kong. The following table provides an analysis of the Group's revenue from external customers and non-current assets. Non-current assets do not include deferred tax assets.

	Revenue from external customers		Non-current assets	
	2021 S$	2020 S$	2021 S$	2020 S$
Singapore	**7,938,799**	6,383,204	**3,968,936**	4,439,697
Hong Kong	**10,603,011**	–	**–**	11,895
	18,541,810	6,383,204	**3,968,936**	4,451,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE AND SEGMENT INFORMATION (continued)

Transaction price allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its revenue contracts of fitting-out and renovation services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the revenue contracts of fitting-out and renovation services that had an original expected duration of one year or less.

6. OTHER INCOME

	Year ended 31 December	
	2021	2020
	S$	S$
Interest income:		
– loan receivables	**208,335**	259,779
– banks	**203**	9,927
Government grants (note)	**263,217**	475,832
Others	**67,746**	14,763
	539,501	760,301

Note: Government grants are mainly in respect of COVID-19 related subsidies which did not bear any unfulfilled conditions or contingencies.

7. OTHER GAINS AND (LOSSES)

	Year ended 31 December	
	2021	2020
	S$	S$
Goods and services tax claimed	**–**	35,426
Gain on disposal of plant and equipment	**5,218**	2,000
Foreign exchange gain/(loss), net	**172,698**	(65,496)
Property, plant and equipment written-off	**(12,057)**	(3,365)
Loss of early termination of a lease	**–**	(22)
Settlement payment for law suit (note)	**–**	(700,000)
	165,859	(731,457)

Note: The amount represents the settlement payment for law suit in relation to the negligent misrepresentation claim from a buyer for a disposal transaction for a property in previous years. For the detail, please refer to the note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. SELLING AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2021	2020
	S$	S$
Staff costs	**1,634,825**	2,260,789
Audit, legal and professional fees	**143,575**	678,066
Advertisement expenses	**229,933**	569,967
Depreciation and amortisation expenses	**125,513**	157,268
Short-term leases/rental expenses	**36,489**	36,489
Upkeep of equipment and vehicles	**61,428**	68,071
Others	**215,569**	351,536
	2,447,332	4,122,186

9. FINANCE COSTS

	Year ended 31 December	
	2021	2020
	S$	S$
Interest expense on lease liabilities	**3,280**	8,843
Interest expense on bank loan	**25,935**	47,558
Others	**–**	120
	29,215	56,521

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December	
	2021	2020
	S$	S$
Deferred tax (note 26)	**88,200**	(113,711)
Income tax expense/(credit)	**88,200**	(113,711)

Singapore CIT is calculated at 17% of the estimated assessable profit. Singapore incorporated companies can enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income from Year of Assessment 2020 onwards. No provision for Singapore CIT has been made since the Group has sufficient tax losses brought forward to set off against the assessable profit for the year ended 31 December 2021 and no assessable profits derived from or earned in Singapore for the year ended 31 December 2020.

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%. No provision for Hong Kong Profits Tax has been made since the Group has no assessable profit for the years ended 31 December 2021 and 2020.

The income tax expense/(credit) for the year can be reconciled to the profit/(loss) before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2021	2020
	S$	S$
Profit/(loss) before income tax	**333,958**	(3,540,990)
Tax at Singapore CIT of 17%	**56,773**	(601,968)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(313)**	10,291
Tax effect of income and expenses not taxable and deductible for tax purpose, net	**113,562**	524,752
Tax effect of tax losses not recognised	**4,381**	–
Tax effect of income under tax exemption and rebate	**(87,284)**	(46,786)
Others	**1,081**	–
Income tax expense/(credit) for the year	**88,200**	(113,711)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. PROFIT/(LOSS) FOR THE YEAR

	Year ended 31 December	
	2021	2020
	S$	S$
Profit/(loss) for the year has been arrived at after (crediting)/charging:		
Auditors' remuneration		
– Annual audit services	**100,000**	120,000
Gain on disposal of property, plant and equipment	**(5,218)**	(2,000)
Depreciation and amortisation expenses	**513,178**	612,525
– Included in cost of sales and service	**387,665**	455,257
– Included in selling and administrative expenses	**125,513**	157,268
	513,178	612,525
Cost of inventories recognised as expenses	**2,780,242**	3,694,860
Directors' fee	**67,845**	80,142
Directors' and chief executive's remuneration	**194,065**	199,402
Allowance for expected credit losses, net	**211,739**	63,497
Short-term lease payments	**168,005**	186,955
Other staff costs		
– Salaries and other staff costs	**2,453,427**	2,409,924
– Contributions to defined contribution plans	**122,487**	114,571
Share-based payments expenses		
– Directors	**–**	230,488
– Employees	**–**	309,270

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the directors were as follows:

	Fee	**Salaries and other benefits**	**Discretionary bonus**	**Contributions to defined contribution plan**	**Share-based payment expenses**	**Total**
	S$	S$	S$	S$	S$	S$
For the year ended 31 December 2021						
Executive directors:						
Mr. Tan Thiam Kiat Kelvin	–	127,200	12,500	14,365	–	154,065
Ms. Kong Weishan	–	40,000	–	–	–	40,000
	–	167,200	12,500	14,365	–	194,065
Independent non-executive directors:						
Mr. Lock Kiu Yin	31,107	–	–	–	–	31,107
Mr. Lau Muk Kan	20,738	–	–	–	–	20,738
Mr. Xiao Laiwen	16,000	–	–	–	–	16,000
	67,845	–	–	–	–	67,845
	67,845	167,200	12,500	14,365	–	261,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

	Fee	Salaries and other benefits	Discretionary bonus	Contributions to defined contribution plan	Share-based payment expenses	Total
	S$	S$	S$	S$	S$	S$
For the year ended 31 December 2020						
Executive directors:						
Mr. Tan Thiam Kiat Kelvin	–	127,200	15,000	14,790	–	156,990
Ms. Kong Weishan	–	42,412	–	–	57,622	100,034
	–	169,612	15,000	14,790	57,622	257,024
Independent non-executive directors:						
Mr. Lock Kiu Yin	37,322	–	–	–	57,622	94,944
Mr. Lau Muk Kan	25,775	–	–	–	57,622	83,397
Mr. Xiao Laiwen	17,045	–	–	–	57,622	74,667
	80,142	–	–	–	172,866	253,008
	80,142	169,612	15,000	14,790	230,488	510,032

The remuneration of directors and senior management including the discretionary bonus is determined having regard to the performance and market trend by the remuneration committee of the Company.

The fees are for services as a director of the Company and the salaries and other benefits, bonus and contributions to defined contribution plan are paid for services in connection as management of the Group.

Neither the chief executive nor any of the directors of the Company waived any emoluments during the years ended 31 December 2021 and 2020.

Save for disclosed in Note 33 to these consolidated financial statements, no significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which the directors of the Company and the directors' connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 1 (2020: 1) was director of the Company during the year ended 31 December 2021 whose emoluments are included in the disclosures above. The emoluments of the remaining 4 (2020: 4) individuals were as follows:

	Year ended 31 December	
	2021	2020
	S$	S$
Salaries and other staff costs	**499,799**	516,015
Contributions to defined contribution plan	**47,748**	50,001
	547,547	566,016

Their emoluments were within the following band:

	Year ended 31 December	
	2021	2020
	No. of employees	No. of employees
Nil to HK$1,000,000	**4**	4

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. EARNINGS/(LOSS) PER SHARE

	Year ended 31 December	
	2021	2020
Profit/(loss) attributable to the owners of the Company (S$)	**245,758**	(3,427,279)
Weighted average number of ordinary shares in issue	**187,178,082**	128,000,000

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding for the financial years ended 31 December 2021 and 2020. The effect of the exercise of share options was not included in the calculation of diluted earnings/(loss) per share as they have no dilutive effect during the financial years ended 31 December 2021 and 2020.

14. RETIREMENT BENEFITS CONTRIBUTION

The total cost charged to profit or loss of S$136,852 and S$129,361 for the years ended 31 December 2021 and 2020 respectively, represents contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2021 and 2020, contributions of S$27,401 and S$25,855 respectively, were due in respective years had not been paid to the plans. The amounts were paid subsequent to the end of the respective year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT

	Building	Computers	Furniture and fittings	Office equipment and machinery	Renovation	Motor vehicles	Total
	S$	S$	S$	S$	S$	S$	S$
COST							
At 1 January 2020	2,836,109	108,844	2,372	489,034	137,267	659,909	4,233,535
Additions	–	–	–	6,500	–	24,779	31,279
Disposal/written off	–	(42,472)	(2,372)	(41,000)	(107,748)	(75,145)	(268,737)
Transfer from right-of-use assets	–	–	–	–	–	39,400	39,400
Exchange realignment	–	–	–	–	(601)	–	(601)
At 31 December 2020 and 1 January 2021	2,836,109	66,372	–	454,534	28,918	648,943	4,034,876
Additions	**–**	**–**	**–**	**–**	**–**	**50,000**	**50,000**
Disposal/written off	**–**	**–**	**–**	**–**	**(29,138)**	**(107,907)**	**(137,045)**
Transfer from right-of-use assets	**–**	**–**	**–**	**–**	**–**	**74,871**	**74,871**
Exchange realignment	**–**	**–**	**–**	**–**	**220**	**–**	**220**
At 31 December 2021	**2,836,109**	**66,372**	**–**	**454,534**	**–**	**665,907**	**4,022,922**
ACCUMULATED DEPRECIATION							
At 1 January 2020	–	99,555	2,372	378,866	115,096	518,941	1,114,830
Provided for the year	191,708	5,258	–	44,010	6,891	36,191	284,058
Disposal/written off	–	(42,472)	(2,372)	(41,000)	(104,383)	(75,145)	(265,372)
Exchange realignment	–	–	–	–	(582)	–	(582)
At 31 December 2020 and 1 January 2021	191,708	62,341	–	381,876	17,022	479,987	1,132,934
Provided for the year	**204,391**	**3,350**	**–**	**39,220**	**–**	**84,362**	**331,323**
Disposal/written off	**–**	**–**	**–**	**–**	**(17,081)**	**(100,325)**	**(117,406)**
Exchange realignment	**–**	**–**	**–**	**–**	**59**	**–**	**59**
At 31 December 2021	**396,099**	**65,691**	**–**	**421,096**	**–**	**464,024**	**1,346,910**
CARRYING AMOUNTS							
At 31 December 2020	2,644,401	4,031	–	72,658	11,896	168,956	2,901,942
At 31 December 2021	**2,440,010**	**681**	**–**	**33,438**	**–**	**201,883**	**2,676,012**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Building	14 years
Computers	3 years
Furniture and fittings	5 years
Office equipment and machinery	5 years
Renovation	5 years
Motor vehicles	5 to 10 years

As at 31 December 2021, building with a carrying amount of S$2,440,010 (2020: S$2,644,401) is pledged for Group's bank loan, the details as set out in note 24.

16. RIGHT-OF-USE ASSETS

	Leasehold land S$	Motor vehicles S$	Leased properties S$	Total S$
As at 31 December 2021				
Carrying amount	1,200,000	92,924	–	1,292,924
As at 31 December 2020				
Carrying amount	1,300,000	249,650	–	1,549,650
For the year ended 31 December 2021				
Depreciation charge	100,000	81,855	–	181,855
For the year ended 31 December 2020				
Depreciation charge	100,000	164,430	64,037	328,467

	2021 S$	2020 S$
Transfer to property, plant and equipment	**74,871**	39,400

The Group leased properties and motor vehicles for own use. Lease contracts of office and motor vehicles are entered into for fixed term of two to three years (2020: two to three years) and six years (2020: three to six years) respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. RIGHT-OF-USE ASSETS (continued)

Depreciation expense has been included in the profit or loss as follows:

	2021 **S$**	2020 S$
Cost of sales	**143,755**	259,882
Selling and administrative expenses	**38,100**	68,585
	181,855	328,467

As at 31 December 2021, leasehold land with a carrying amount of S$1,200,000 (2020: S$1,300,000) is pledged for Group's bank loan, the details are set out in note 24.

17. INVENTORIES

	At 31 December	
	2021 **S$**	2020 S$
Raw material, net of allowance	**265,094**	241,547
Finished goods	**30,330**	33,199
	295,424	274,746

18. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2021 **S$**	2020 S$
Trade receivables	**1,519,460**	2,012,480
Less: Allowance for expected credit losses	**(720,123)**	(565,231)
	799,337	1,447,249
Purchase advances paid to suppliers	**1,994,840**	1,480,300
Bank interest receivables	**–**	118
Rental and other deposits	**30,110**	24,324
Prepayments	**58,436**	297,235
Loan and other receivables	**2,703,911**	3,510,211
Less: Allowance for expected credit losses	**(28,389)**	(32,438)
	5,558,245	6,726,999

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are generally granted a credit period of 30 to 60 days from the invoice date. The following is an aging analysis of trade receivables, net of allowance for expected credit losses, presented based on invoice date at the end of the reporting period:

	At 31 December	
	2021	2020
	S$	S$
1-30 days	**537,364**	617,239
31-60 days	**148,134**	613,585
61-90 days	**56,668**	34,405
91-180 days	**20,277**	95,332
181-365 days	**3,290**	34,907
Over 365 days	**33,604**	51,781
	799,337	1,447,249

Before granting credit to new customers, the Group reviews the customers' profile and financial position to assess the potential customer's credit quality and defines credit limits for each customer.

The Group assesses at each of the reporting period end whether there is objective evidences that trade and other receivables are impaired.

Loans receivables are the loans which are granted to independent third parties of the Group for a term of 1 year (2020: 1 year) with effective interest of 7% to 10% (2020: 7% to 10%) per annum. As at 31 December 2021, loan receivables of S$2,522,371 (2020: S$2,867,964) are secured by individual guarantee of independent third parties of the Group. The loan receivables outstanding as at 31 December 2021 and 2020 are denominated in Hong Kong Dollars.

Movement in the allowance of expected credit losses

Movement in expected credit losses that has been recognised for trade and other receivables in accordance with IFRS 9 for the years ended:

	2021	2020
	S$	S$
Balance as at 1 January	**597,669**	555,839
Recognition of expected credit losses ("ECL")	**198,230**	43,637
Reversal of ECL	**(6,939)**	(513)
Written-off	**(41,025)**	–
Exchange realignment	**577**	(1,294)
Balance as at 31 December	**748,512**	597,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. CONTRACT ASSETS

	At 31 December	
	2021	2020
	S$	S$
Arising from performance under fitting out and renovation services	**2,979,207**	–
Arising from performance under signage business	**665,372**	648,963
	3,644,579	648,963
Less: Allowance for expected credit losses	**(40,827)**	(20,373)
	3,603,752	628,590

Movement in expected credit losses that has been recognised for contract assets in accordance with IFRS 9 for the years ended:

	2021	2020
	S$	S$
Balance as at 1 January	**20,373**	–
Recognition of ECL	**20,448**	20,373
Exchange realignment	**6**	–
Balance as at 31 December	**40,827**	20,373

Contract assets arising from signage business are retention monies held by customers which will be repaid upon expiry of defect liability period, in accordance with sales contracts.

Assets under fitting-out and renovation service contracts are balances due from customers that arise when the Group receives an unconditional payments from customers in line with a series of performance related milestones. Payment for fitting-out and renovation services is not due from the customer until the services are completed and therefore a contract asset is recognised over the period in which the fitting-out and renovation services are performed to represent the entity's right to consideration for the services transferred to date.

No revenue recognised during the year is from performance obligations satisfied (or partially satisfied) in previous period for the year ended 31 December 2021 (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. CONTRACT ASSETS (continued)

The amount of contract assets that is expected to be recovered less than one year is approximately S$3,603,752 (2020: S$628,590).

The increase in contract assets in 2021 was result of the increase in the provision of fitting-out and renovation service at the end of each of the year ended 31 December 2021.

Details of impairment assessment for the years ended 31 December 2021 and 2020 are set out in note 31(b).

20. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates. As at 31 December 2020, the Group's pledged bank deposits were pledged to banks to secure banking facilities granted to the Group as set out in note 34 to the consolidated financial statements.

21. TRADE PAYABLES

	At 31 December	
	2021	2020
	S$	S$
Trade payables	**905,156**	1,396,492

The following is an aging analysis of trade payables presented based on the purchase recognition date, that is, goods receipt date, at the end of each reporting period:

	At 31 December	
	2021	2020
	S$	S$
0–30 days	**535,264**	557,881
31–90 days	**224,391**	804,256
Over 90 days	**145,501**	34,355
	905,156	1,396,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. OTHER PAYABLES AND ACCRUALS

	At 31 December	
	2021	2020
	S$	S$
Retention payable to suppliers	**29,686**	85,191
Accrued operating expenses	**398,787**	533,725
Accrued staff commission	**25,093**	38,626
Amount due to a director (note)	**2,000**	–
Goods and services tax payable	**44,009**	96,516
	499,575	754,058

note: The amount is unsecured, non-interest bearing and repayable on demand.

23. CONTRACT LIABILITIES

	At 31 December	
	2021	2020
	S$	S$
Billing in advance of performance obligation		
– Signage business	**161,585**	207,126

note: Contract liabilities are balances due to customers under signage sale contracts. When the Group receives a deposit from customer, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. CONTRACT LIABILITIES (continued)

Movement in contract liabilities

	2021 S$	2020 S$
Balance as at 1 January	**207,126**	36,239
Increase in contract liabilities as a result of receiving deposits from the customers	**135,210**	181,379
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	**(180,751)**	(10,492)
Balance as at 31 December	**161,585**	207,126

As at 31 December 2021, none of billings in advance of performance received that is expected to be recognised as income after more than one year (2020: Nil).

24. BANK LOAN

At 31 December 2021, borrowings of the Group were repayable as follows:

	2021 S$	2020 S$
Within one year	**356,881**	357,784
More than one year, but within two years	**361,933**	361,234
More than two years but within five years	**1,117,524**	1,104,734
More than five years	**772,103**	1,143,726
	2,608,441	2,967,478

	2021 S$	2020 S$
Secured bank loan (note)	**2,608,441**	2,967,478
Amount due within one year shown under current liabilities	**(356,881)**	(357,784)
Amount shown under non-current liabilities	**2,251,560**	2,609,694

Note: The bank loan is secured by legal charge on the Group's building and leasehold land, which is set out in notes 15 and 16, and personal guarantees from certain directors. The interest shall be computed based on 0.5% and 1.0% per annum over the 3-months Singapore Interbank Offered Rate for first two years and remainder of seven years respectively. The bank loan is repayable by monthly installments commencing January 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. LEASE LIABILITIES

	Minimum lease payments As at 31 December		Present value of minimum lease payments As at 31 December	
	2021	2020	**2021**	2020
	S$	S$	**S$**	S$
Amounts payable:				
Not later than one year	**17,472**	59,887	**15,541**	56,610
Later than one year and not later than five years	**36,432**	53,904	**34,695**	50,236
	53,904	113,791	**50,236**	106,846
Less: future finance charges	**(3,668)**	(6,945)	**–**	–
Present value of lease obligations	**50,236**	106,846	**50,236**	106,846
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(15,541)**	(56,610)
Amount due for settlement after 12 months (shown under non-current liabilities)			**34,695**	50,236

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. LEASE LIABILITIES (continued)

The incremental borrowing rate applied to lease liabilities is 3.6% to 5.7% and 3.6% to 5.7% per annum as at 31 December 2021 and 2020 respectively.

As at 31 December 2021, the net carrying value of leased assets used to secure the lease obligations was S$92,924 (2020: S$249,650).

26. DEFERRED TAX ASSETS

The movements in deferred tax assets during the year are as follow:

	Over-book depreciation of plant and equipment	Unutilised tax losses	Capital allowances	Donations	Total
	S$	S$	S$	S$	S$
Deferred tax assets at 1 January 2020	(28,000)	24,000	29,000	1,000	26,000
Credited/(charged) to profit or loss during the year (note 10)	10,021	76,460	27,805	(575)	113,711
Deferred tax assets at 31 December 2020	(17,979)	100,460	56,805	425	139,711
Credited/(charged) to profit or loss during the year (note 10)	9,154	(40,549)	(56,805)	–	(88,200)
Deferred tax assets at 31 December 2021	(8,825)	59,911	–	425	51,511

Subject to the agreement by relevant tax authority(ies), at 31 December 2021, the above deferred tax assets are available for offset against future profits.

As at 31 December 2021, the Group has unused tax losses of S$378,188 (2020: S$590,944) available for offset against future profits. A deferred tax asset has been recognised in respect of S$352,416 (2020: S$590,944) of such tax losses. No deferred tax asset has been recognised in respect of these remaining unused tax losses of S$25,772 (2020: Nil) and other deductible temporary differences due to the unpredictability of future profit streams. Unrecognised tax losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. SHARE CAPITAL

	Number of shares	Share capital HK$
Authorised:		
At 1 January 2020 (Ordinary shares of HK$0.00125 each)	40,000,000,000	50,000,000
Share consolidation (note (ii))	(38,400,000,000)	–
At 31 December 2020, 1 January 2021 and 31 December 2021 (Ordinary shares of HK$0.03125 each)	1,600,000,000	50,000,000

	Number of shares	Share capital S$
Issued and fully paid:		
At 1 January 2020 (Ordinary shares of HK$0.00125 each)	3,200,000,000	689,655
Share consolidation (note (ii))	(3,072,000,000)	–
At 31 December 2020 and 1 January 2021 (Ordinary shares of HK$0.03125 each)	128,000,000	689,655
Placing new shares (note (i))	96,000,000	511,200
At 31 December 2021 (Ordinary shares of HK$0.03125 each)	224,000,000	1,200,855

notes:

(i) An extraordinary general meeting was held on 4 May 2021 in which the resolution to approve the proposed placing of 96,000,000 new ordinary shares of par value of HK$0.03125 each (the "Placing Share"), at the placing price of HK$0.15 per Placing Share (the "Placing") was passed by the shareholders of the Company. The Placing has completed on 21 May 2021. The net proceeds received by the Company from the Placing were S$2,386,848 (equivalent to approximately HK$14,008,000), among which S$511,200 (equivalent to approximately HK$3,000,000) were credited to the share capital account and the balance of S$1,875,648 (equivalent to approximately HK$11,008,000) were credited to the share premium account. Please refer to the announcements and circular of the Company dated 16 April 2021, 4 May 2021 and 21 May 2021 for details of the Placing.

(ii) An extraordinary general meeting was held on 17 July 2020 in which the resolution to approve the proposed share consolidation of every twenty-five (25) issued and unissued shares of par value of HK$0.00125 each be consolidated into one (1) consolidated share of par value of HK$0.03125 each (the "Share Consolidation") was passed by the shareholders of the Company. The Share Consolidation became effective on 21 July 2020. Please refer to the announcements and circular of the Company dated 10 June 2020, 29 June 2020 and 17 July 2020 for details of the Share Consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SHARE-BASED PAYMENTS RESERVE

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 21 September 2018 for primary purpose of providing incentives to selected eligible participants. Under the Scheme, the directors of the Company may grant options to eligible participants.

The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of the approval of the Scheme or the date of shareholders' approval of a refreshment of such limit in a general meeting of the Company. The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme must not exceed 30% of the issued shares of the Company in issue from time to time. The maximum number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the issued share capital of the Company. Any further grant of share options in excess of this limit is subject to approval by the shareholders of the Company in the general meeting of the Company with such participant and his/her/its close associates abstain from voting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange on the offer date of the share options; (ii) the average closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the offer date; and (iii) the nominal value of the Company's shares on the offer date, when applicable.

As at 31 December 2021, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 12,800,000 (2020: 12,800,000), representing 5.7% (2020: 10%) of the shares of the Company in issue at that date. The share options was immediately vest when it grant.

Details of specific categories of options are as follows:

Date of grant	Exercise period	Exercise price
9 April 2020	9 April 2020 to 8 April 2022	HK$0.45*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SHARE-BASED PAYMENTS RESERVE (continued)

The following table discloses movements of the Scheme during the year:

Option	Outstanding at 1/1/2020	Granted during year	Exercised/ Cancelled/Lapsed during year	Outstanding as at 31/12/2020	Granted/ Exercised/ Cancelled/ Lapsed during year	Outstanding at 31/12/2021
Scheme			–			
Directors	–	5,120,000*	–	5,120,000*	–	5,120,000*
Employees	–	7,680,000*	–	7,680,000*	–	7,680,000*
		12,800,000*	–	12,800,000*	–	12,800,000*
Exercisable at the end of the year						12,800,000*
Weighted average exercise price	–	HK$0.45*	–	HK$0.45*	–	HK$0.45*

During the year ended 31 December 2021, there were no share options granted or exercised or lapsed or cancelled. During the year ended 31 December 2020, 12,800,000 options were granted to directors and employees of the Company on 9 April 2020. The validity period of the options is two years from 9 April 2020 to 8 April 2022 (both days inclusive). There was no market vesting condition or non-market performance condition associated with the options granted. The estimated fair values of the options granted on 9 April 2020 was S$539,758, which have been charged as share-based payment expenses to profit or loss for the year ended 31 December 2020.

* The Share Consolidation of every 25 issued and unissued shares with effective on 21 July 2020. The corresponding number of outstanding share options and exercise price were adjusted. Please refer to note 27 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SHARE-BASED PAYMENTS RESERVE (continued)

These fair values were calculated using the Binomial Option Pricing model. The inputs into the model were as follows:

	2020
Weighted average share price	(adjusted) HK$0.45
Exercise price	(adjusted) HK$0.45
Expected volatility	114.82%
Expected life	2 years
Risk-free rate	0.6%
Expected dividend yield	0%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The assumptions used in computing the fair value of the share options are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

The Group recognised the total expense of S$539,758 for the year ended 31 December 2020 in relation to share options granted by the Company.

As at 31 December 2021, the weighted average remaining contractual life of the share option is 0.27 years (2020: 1.27 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	Bank Loan	Total
	S$	S$	S$
At 1 January 2020	291,246	3,280,000	3,571,246
Accrued interest	8,843	47,558	56,401
Interest paid	(8,843)	(47,558)	(56,401)
Financing cash outflow	(173,139)	(312,522)	(485,661)
Lease reassessment	(11,261)	–	(11,261)
At 31 December 2020 and 1 January 2021	106,846	2,967,478	3,074,324
Accrued interest	3,280	25,935	29,215
Interest paid	(3,280)	(25,935)	(29,215)
Financing cash outflow	(56,610)	(359,037)	(415,647)
At 31 December 2021	50,236	2,608,441	2,658,677

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of debt, which includes, lease liabilities and bank loan, net of bank and cash balances and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. CAPITAL MANAGEMENT (continued)

The externally imposed capital requirements for the Group are mainly: (i) in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the total number of the shares in issue; and (ii) to meet financial covenants attached to the bank loan.

The Group receives reports from major shareholders and other connected persons on any changes in shares held by them to ensure the continuing compliance with the 25% limit throughout the year.

The Company has maintained the prescribed public float under the GEM Listing Rules during the years ended 31 December 2021 and 2020.

Breaches to fulfill the financial covenants would permit the bank to immediately demand repayment of the loan. There have been no breaches in the financial covenants of any bank loan for the years ended 31 December 2021 and 2020.

The followings is the debt to equity ratio at the end of each year ended:

	2021	2020
Total borrowings (Note (a))	**2,658,677**	3,074,324
Less: cash and cash equivalents (Note (c))	**(3,616,810)**	(3,260,267)
Net cash suplus	**(958,133)**	(185,943)
Total equity (Note (b))	**12,869,685**	10,263,621
Debt to equity ratio	**N/A**	N/A

Notes:

(a) Total borrowings representation bank loan and lease liabilities.

(b) Total equity includes share capital and reserves at the end of each reporting period.

(c) Cash and cash equivalents included cash and bank balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December	
	2021	2020
	S$	S$
Financial assets		
Amortised cost (including cash and cash equivalents)	**7,121,779**	8,423,447
Financial liabilities		
Amortised cost	**4,019,399**	5,128,358

b. Financial risk management objectives and policies

The major financial instruments include trade and other receivables, pledged bank deposits, bank and cash balances, trade payables, other payables and accruals, lease liabilities, contract assets, contract liabilities and bank loan. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (foreign exchange risk and interest rate risk), liquidity risk and credit risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

(i) Foreign currency risk

The Group's foreign currency exposures arise mainly from the exchange rate movements of the Hong Kong Dollars against the Singapore Dollars.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective functional currency of entities within the Group are as follows:

	Assets		Liabilities	
	2021	2020	**2021**	2020
	S$	S$	**S$**	S$
Hong Kong Dollars	**299,314**	852,122	**370,549**	408,258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risks (continued)

(i) Foreign currency risk (continued)

The sensitivity rate used when reporting foreign currency risk to key management personnel is 5%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the Hong Kong Dollars to change by 5% against the Singapore Dollars, profit/loss before income tax will increase/decrease by S$3,562 (2020: S$22,193).

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk mainly in relation to bank loan. The bank loan interest rate and terms of repayment are disclosed note 24 to the consolidated financial statements.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

At the end of the reporting period, the carrying amount of bank loan of the Group is S$2,608,441 (2020: S$2,967,478).

Assuming that the amount of bank loan outstanding at the end of the reporting period is outstanding for the whole year and interest rate increase/decrease instantaneously by 100 basis points from the end of the reporting period, with all other variables held constant, the profit/loss before income tax of the Group would increase/decrease by S$26,084 (2020: S$29,675).

Loan receivables and lease liabilities issued at fixed rates expose the Group to fair value interest rate risk. During the reporting period, the Group did not hedge its fair value interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a sufficient level of bank and cash balances to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Within 1 year S$	1-5 years S$	Over 5 years S$	Total undiscounted cash flows S$	Carrying amount S$
At 31 December 2021					
Non-interest bearing Instruments					
Trade and other payables	1,404,731	–	–	1,404,731	1,404,731
Interest bearing instruments					
Bank loan	391,920	1,567,680	783,716	2,743,316	2,608,441
Lease liabilities	17,472	36,432	–	53,904	50,236
	1,814,123	1,604,112	783,716	4,201,951	4,063,408
At 31 December 2020					
Non-interest bearing Instruments					
Trade and other payables	2,150,550	–	–	2,150,550	2,150,550
Interest bearing instruments					
Bank loan	384,700	1,538,800	1,160,832	3,084,332	2,967,478
Lease liabilities	59,887	53,904	–	113,791	106,846
	2,595,137	1,592,704	1,160,832	5,348,673	5,224,874

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk

The Group has concentration of credit risk in certain individual customers. Approximately 53% and 56% of total trade receivables outstanding at 31 December 2021 and 2020 were due from top 5 trade receivables which exposed the Group to concentration of credit risk. The Group seeks to minimise its risk by dealing with counterparties which have good credit history.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Trade receivable and contract assets

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information.

The analysis of changes in the gross carrying amount and corresponding provision of ECL on trade receivables are as follows:

	Not past due S$	Within 30 days S$	31 to 60 days S$	61 to 90 days S$	91 to 150 days S$	Over 150 days S$	Total S$
As at 31 December 2021							
ECL rate	0.1%	0.1%	0.4%	96.6%	41.9%	94.5%	47.4%
Gross carrying amount (S$)	537,797	148,327	56,903	71,108	30,769	674,556	1,519,460
Lifetime ECL	(433)	(193)	(235)	(68,708)	(12,892)	(637,662)	(720,123)
	537,364	148,134	56,668	2,400	17,877	36,894	799,337
As at 31 December 2020							
ECL rate	0.2%	0.1%	2.5%	1.5%	1.5%	86.6%	28.1%
Gross carrying amount (S$)	618,552	614,399	35,282	35,241	61,565	647,441	2,012,480
Lifetime ECL	(1,313)	(814)	(877)	(534)	(940)	(560,753)	(565,231)
	617,239	613,585	34,405	34,707	60,625	86,688	1,447,249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivable and contract assets (continued)

The analysis of changes in the gross carrying amount and the corresponding provision of ECL on contract assets are as follows:

	As at 31 December 2021	
	Not past due	**Total**
	S$	**S$**
ECL rate	**1.1%**	**1.1%**
Contract assets, gross	**3,644,579**	**3,644,579**
Less: Allowance for expected credit losses	**(40,827)**	**(40,827)**
Contract assets, net	**3,603,752**	**3,603,752**

	As at 31 December 2020	
	Not past due	Total
	S$	S$
ECL rate	3.1%	3.1%
Contract assets, gross	648,963	648,963
Less: Allowance for expected credit losses	(20,373)	(20,373)
Contract assets, net	628,590	628,590

As at 31 December 2021 and 2020, trade receivables and contract assets that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience.

Loan and other receivables

Loan and other receivables relating to accounts that are long overdue with significant amounts, known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. The Group recognised the provision for expected credit losses by assessing the credit risk characteristics of debtor, discount rate, value of collateral the likelihood of recovery, forward looking information and considering the prevailing economic conditions.

The Group uses three categories for loan and other receivables which reflect their credit risk and how the loss provision is determined for each of the categories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

Loan and other receivables (continued)

Stage 1

Loan and other receivables have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months ECL (12-month ECLs).

Stage 2

Loan and other receivables to customers have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime ECL (Lifetime ECLs non credit-impaired).

Stage 3

Loan and other receivables that are in default and considered credit impaired (Lifetime ECLs credit impaired).

In assessing whether the credit risk of loan and other receivables has increased significantly since initial recognition, the Group compares the risk of default occurring on the loan and other receivables assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is past due for more than 90 days. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in a loan and other receivables's external or internal credit rating (if available);

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group; and

– the financial asset is past due.

As at 31 December 2021, the provision of ECL for loan and other receivables was S$28,389 (2020: S$32,438) based on expected loss rates applied to different stages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

Loan and other receivables (continued)

The analysis of changes in the gross carrying amount and the corresponding provision of ECL on loan and other receivables are as follows:

	As at 31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	S$	**S$**	**S$**	**S$**
Expected credit loss rate	**0.1%**	**1.5%**	**–**	**1.0%**
Loan and other receivables, gross	**948,236**	**1,755,675**	**–**	**2,703,911**
Less: Provision of ECL on loan and other receivables	**(1,405)**	**(26,984)**	**–**	**(28,389)**
Loan and other receivables, net	**946,831**	**1,728,691**	**–**	**2,675,522**

	As at 31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	S$	S$	S$	S$
Expected credit loss rate	0.1%	1.6%	–	0.9%
Loan and other receivables, gross	1,623,911	1,886,300	–	3,510,211
Less: Provision of ECL on loan and other receivables	(2,276)	(30,162)	–	(32,438)
Loan and other receivables, net	1,621,635	1,856,138	–	3,477,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

Others

The credit risk on pledged bank deposits and bank balances and cash is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

c. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

As at 31 December 2021 and 2020, the management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

32. PLEDGED OF ASSETS

At the respective end of the reporting periods, the following assets were pledged:

	2021 **S$**	2020 S$
Pledged bank deposit (note 20)	**–**	213,716
Building (note 15)	**2,440,010**	2,644,401
Leasehold land (note 16)	**1,200,000**	1,300,000
Motor vehicles (note 16)	**92,924**	249,650
	3,732,934	4,407,767

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. RELATED PARTY DISCLOSURES

Some of the Group's transactions and arrangements are with related parties and the effects of these transactions and arrangements on the basis determined between the parties is reflected in these consolidated financial statements.

Key management personnel remuneration

Remuneration for key management personnel of the Group is the amounts paid to the Company's directors as disclosed in note 12.

34. CONTINGENT LIABILITIES

The Group has following contingent liabilities:

	At 31 December	
	2021	2020
	S$	S$
Performance bonds	**–**	21,200

Legal and Potential Proceedings

On 18 January 2019, Signmechanic Pte Ltd ("Signmechanic"), a wholly-owned subsidiary of the Company, received a letter of demand from a solicitors firm who act for Mandai Development Pte Ltd ("MDPL"), claiming that Signmechanic had made a negligent misrepresentation to MDPL on a property sold in previous years and MDPL claimed for their loss and damage amounting to a total sum of S$1,007,540. After consulting the Company's lawyer, the Directors are of the view that Signmechanic has a reasonably good chance of success in defending potential claim for the negligent misrepresentation.

On 29 September 2020, Signmechanic and MDPL entered into a settlement agreement to resolve disputes in the suit, with mutual agreed between both parties, and Signmechanic paid the compensation of aggregate amount of S$700,000 as the settlement sum to MDPL. According to the settlement agreement, MDPL had discontinued all its claims in the suit with no order as to costs and Signmechanic had withdrawn its appeal from the law suit accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. PARTICULARS OF SUBSIDIARIES

Particular of the subsidiaries of the Company are as follows:

Name	Place of incorporation/ operation	Paid up issued capital	Group's effective interest		Held by the Company		Principal activities
			2021	2020	**2021**	2020	
Sino Promise Investment Limited	British Virgin Islands	US$1	**100%**	100%	**100%**	100%	Investment holding
Joyful Passion Limited	British Virgin Islands	US$1	**100%**	100%	**100%**	100%	Investment holding
Top Construction Limited	Hong Kong	HK$1	**100%**	100%	**100%**	100%	Fitting-out and renovation service
Signmechanic Pte Ltd	Singapore	S$2,000,000	**100%**	100%	**100%**	100%	Design, fabrication, installation and maintenance of signage products

None of the subsidiaries had issued any debt securities at the end of the year.

36. EVENT AFTER THE REPORTING PERIOD

The outburst of COVID-19 Pandemic has brought additional uncertainties in the global macroeconomic situation which may affect the Group's financial performance. However, since the outburst is a fluid and challenging situation facing all the industries globally, the degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the outburst and assess its impact on the financial position and operating results of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at end of the reporting period is as follows:

	At 31 December	
	2021	2020
	S$	S$
Non-current assets		
Investments in subsidiaries	**6,570,096**	6,570,096
Total non-current assets	**6,570,096**	6,570,096
Current assets		
Prepayment	**17,794**	263,762
Amounts due from subsidiaries	**1,517,298**	518,798
Bank and cash balances	**302,878**	859,517
Total current assets	**1,837,970**	1,642,077
Current liabilities		
Trade and other payables	**130,549**	147,257
Accruals	**240,000**	261,000
Total current liabilities	**370,549**	408,257
Net current assets	**1,467,421**	1,233,820
NET ASSETS	**8,037,517**	7,803,916
Capital and reserves		
Share capital	**1,200,855**	689,655
Share premium	**14,002,553**	12,126,905
Share based-payments reserve	**539,758**	539,758
Accumulated losses	**(7,705,649)**	(5,552,402)
TOTAL EQUITY	**8,037,517**	7,803,916

Approved by the Board of Directors on 23 March 2022 and are signed on its behalf by:

Tan Thiam Kiat Kelvin
Chairman and Executive Director

Kong Weishan
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

A summary of the Company's reserves is as follows:

	Share premium S$	Share-based payments reserve S$	Retained earning/ (accumulated loss) S$	Total S$
At 1 January 2020	12,126,905	–	302,992	12,429,897
Loss for the year, representing total comprehensive expense of the year	–	–	(5,855,394)	(5,855,394)
Recognition of equity-settled shared-based payment	–	539,758	–	539,758
At 31 December 2020 and 1 January 2021	12,126,905	539,758	(5,552,402)	7,114,261
Loss for the year, representing total comprehensive expenses of the year	–	–	(2,153,247)	(2,153,247)
Placing of new shares	1,875,648	–	–	1,875,648
At 31 December 2021	14,002,553	539,758	(7,705,649)	6,836,662

38. COMPARATIVE FIGURES

Retention receivables with net carrying amount of S$628,590 as at 31 December 2020 which was previously included in the balance of trade receivables has been reclassified to contract assets. Accordingly, trade and other receivables and contract assets have been restated at S$6,726,999 and S$628,590 as at 31 December 2020 respectively.

39. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 March 2022.

SUMMARY OF FINANCIAL INFORMATION

31 December 2021

The following is a summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years as extracted from the published financial statements:

	Year ended 31 December				
	2021	2020	2019	2018	2017
	S$	S$	S$	S$	S$
RESULTS					
Revenue	**18,541,810**	6,383,204	8,500,700	10,474,896	12,847,395
Cost of sales	**(16,224,926)**	(5,710,834)	(6,513,302)	(6,355,854)	(7,282,418)
Gross profit	**2,316,884**	672,370	1,987,398	4,119,042	5,564,977
Other income	**539,501**	760,301	188,633	126,908	189,363
Other gains and losses	**165,859**	(731,457)	(84,475)	67,031	(1,959,625)
Selling and administrative expenses	**(2,447,332)**	(4,122,186)	(3,161,112)	(3,158,805)	(3,608,239)
Allowances for expected credit losses, net	**(211,739)**	(63,497)	(533,183)	67,017	–
Other expenses	**–**	–	–	–	(14,000)
Finance costs	**(29,215)**	(56,521)	(24,436)	(17,358)	(13,981)
Profit/(loss) before tax	**333,958**	(3,540,990)	(1,627,175)	1,203,835	158,495
Income tax (expense)/credit	**(88,200)**	113,711	40,346	(319,439)	(358,605)
Profit/(loss) for the year	**245,758**	(3,427,279)	(1,586,829)	884,396	(200,110)
ASSETS AND LIABILITIES					
Non-current assets	**4,020,447**	4,591,303	5,072,715	988,099	795,285
Current assets	**13,074,231**	11,104,318	13,313,904	15,602,381	15,310,890
Current liabilities	**(1,938,738)**	(2,772,070)	(2,201,088)	(1,625,093)	(2,054,776)
Net current assets	**11,135,493**	8,332,248	11,112,816	13,977,288	13,256,114
Non-current liabilities	**(2,286,255)**	(2,659,930)	(3,065,979)	(269,971)	(211,595)
Net assets	**12,869,685**	10,263,621	13,119,552	14,695,416	13,839,804